

June 28, 2021

Chairman Michael M. Kubayanda
Commissioner Robert Taub
Commissioner Mark Acton
Commissioner Ann C. Fisher
Commissioner Ashley E. Poling
Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, DC 20268

RE: Docket No. R2021-2

Submitted electronically

Dear Commissioners:

The National Rural Electric Cooperative Association (NRECA) submits these comments in response to the filing made by the United States Postal Service on May 28, 2021 – “Notice of Market-Dominant Price Change”. In our comments below, we urge the Commission to deny the request to significantly increase rates. If approved as filed, these increased rates will have a significant and deleterious impact on rural America.

NRECA is the national trade association representing nearly 900 local electric cooperatives and other rural electric utilities. America’s electric cooperatives are owned by the people that they serve and comprise a unique sector of the electric industry. From growing regions to remote farming communities, electric cooperatives power 1 in 8 Americans and serve as engines of economic development for 42 million Americans.

Electric cooperatives operate at cost and without a profit incentive. NRECA’s member cooperatives include 62 generation and transmission (G&T) cooperatives and 831 distribution cooperatives. *All but three of these 893 electric cooperatives are classified as small businesses.* Both distribution and G&T cooperatives share an obligation to serve their members by providing safe, reliable, and affordable electric service.

America’s electric cooperatives provide electric service in 364 (92%) of the Persistent Poverty Counties identified by the U.S. Treasury Community Development Financial Institutions Fund (CDFI). More than 250 distribution cooperatives and NRECA-member public power districts serve an

estimated 4.2 million people in these counties, with poverty rates ranging from 20% to over 60%.

The Biden Administration has announced initiatives to promote equity to underserved communities in its Executive Order 13985¹. The Executive Order includes the following in the definition of underserved communities: "...persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality."² Counter to this policy prerogative, the proposed rate increases for First-Class postage and periodicals will only exacerbate inequity and poverty in rural America. While the Postal Regulatory Commission (Commission) has recognized the importance of postal *service* to rural America, we urge you to consider the impact these *rate increases* will have on rural America. As not-for-profit, consumer-owned, and consumer-governed organizations, electric cooperatives utilize mail for many reasons, including distributing cooperative magazines³ to member-consumers in 42 states and sending bills to member-consumers using First-Class Mail.

While the First-Class rate increase in the May USPS filing is 5%, it is important to recognize that in 2019, First-Class postage was increased by 10%. The cumulative impact of these two increases is well above recent increases in the Consumer Price Index. Similarly, the rate increase for periodicals is on average well above CPI trends. We note that 39 U.S.C. 3622(d)(1) requires that market-dominant rates "shall ... include an annual limitation on the percentage changes in rates ... that will be equal to the change in the Consumer Price Index." This rate filing is inconsistent with the statutory direction provided in U.S.C. 3622(d)(1).

We observe that these services are titled, "Market Dominant" for a reason – Postal Service customers, particularly those in rural America, often have no other options to deliver or receive periodicals and First-Class mail. As the Commission may be aware, the dearth of broadband service in rural America (which our organization and many others are working to address) precludes the use of electronic billing services and electronic delivery of periodicals or other important notices for many consumer-members.

Cooperative mailings, including the magazines and bill inserts, provide members with critical information about their cooperatives, including information that can help consumers use energy more wisely, participate in cooperative energy management programs, learn about planned maintenance that may impact service, and otherwise save money on their electric service. And, because cooperatives are

¹ Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, 86 FR 7009

² Ibid.

³ Read by approximately 36 million people.

not-for-profit and consumer-owned, they will be forced to pass on to those member-consumers the full cost of any postage rate increases.

In its Order 5763, the Commission dismissed customer concerns about rate volatility by stating that “this concern omits a critical intervening fact: the Postal Service retains discretion not to use all of the rate authority provided by the final rules....The larger amount of rate authority available for use increases the Postal Service’s opportunity and capacity to use its business judgment to smooth out rate adjustments.”⁴ Unfortunately, instead of using its discretion to “smooth out” rate adjustments, the Postal Service is proposing to dramatically increase rates in a manner that will have an outsized impact on rural America. Particularly in the context of the Biden Administration’s government-wide efforts to promote equity to underserved communities, we implore the Commission to keep the concerns of electric cooperatives in mind as it considers the USPS proposal.

Finally, the rate increase is certainly not necessary at this time to support the financial health of the USPS. Postal Service revenues are \$10 billion above the prior year’s levels, and the USPS has achieved positive net income for the first six months of FY2021. These two indicators of the financial health of the USPS should be weighed against the economic impact a rate increase will have on entities like electric cooperatives that are continuing to deal with the economic fall out of the COVID-19 pandemic.

NRECA supports the comments filed by the Alliance of Nonprofit Mailers in this Docket.

We respectfully request that you deny these rate increases. Thank you for your consideration.

Respectfully Submitted,



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⁴ Postal Regulatory Commission Order 5763 at pages 313-14.